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Bermuda

Working paper prepared by the Secretariat

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Note: The information contained in the present paper has been derived from public sources, including those of the territorial Government and from information transmitted to the Secretary-General by the administering Power under Article 73 *e* of the Charter of the United Nations. Information was transmitted by the administering Power on 21 December 2012. Further details are contained in previous working papers, available from www.un.org/en/decolonization/workingpapers.shtml.

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The Territory at a glance

Territory: Bermuda is a Non-Self-Governing Territory under the Charter administered by the United Kingdom of Great Britain and Northern Ireland.

Representative of administering Power: Governor George Fergusson (May 2012).

Geography: Bermuda is located in the western part of the Atlantic Ocean, approximately 917 km east of the North Carolina coast of the United States of America. It consists of 8 major and 130 smaller islands.

Land area: 57 km².

Exclusive economic zone: 450,370 km².[a]

Population: 62,000 (2012).

Ethnic composition: Approximately 54 per cent black and 31 per cent white, with an estimated 21 per cent mixed and other races.

Language: English.

Capital: Hamilton.

Head of territorial Government: Premier Craig Cannonier.

Main political parties: Progressive Labour Party; One Bermuda Alliance.

Elections: Most recent: 17 December 2012; next: 2017.

Legislature: Bicameral legislature, comprising a Senate of 11 members appointed by the Governor (three at his/her discretion, five on the advice of the Premier, three on the advice of the leader of the opposition) and a 36-member House of Assembly, elected in 36 constituencies for up to a five-year term.

Gross domestic product per capita: $85,996 (2011).

Economy: Financial services, tourism.

Main trading partners: United States of America, Canada, United Kingdom and Caribbean Community member countries.

Unemployment rate: 8 per cent (2012).

Monetary unit: Bermuda dollar, pegged at parity with the United States dollar.

Brief history: Bermuda was discovered in 1505 by the Spanish explorer Juan de Bermudez, and by 1510 was referred to as "La Bermuda". It remained uninhabited until 1609, when British settlers on their way to Virginia were shipwrecked on one of the reefs. In 1612, King James I extended the charter of the Virginia Company to include Bermuda. In 1684, the company's charter was annulled, and government passed to the British crown.

[a] Exclusive economic zone data from the "Sea Around Us" project, a collaboration between the University of British Columbia and the Pew Environment Group (see www.seaaroundus.org).

I. Constitutional, legal and political issues

1. The 1968 Constitution of Bermuda was amended on five occasions, most recently in 2003. The Constitution gives the Territory almost full internal self-government, leaving the United Kingdom of Great Britain and Northern Ireland with a minimum number of constitutional controls. According to the administering Power, the Governor (and Commander-in-Chief), appointed by the British Crown, is responsible for defence, external affairs, internal security and the police.

2. The Territory has a parliamentary system of government, comprising a Governor, a Deputy Governor, a Cabinet and a bicameral legislature. The Governor appoints as Premier the member of the House of Assembly who appears to be best able to command the confidence of a majority of the members of the House. The Premier heads a Cabinet that may not comprise more than 14 members of the legislature.

3. The law and legal system of Bermuda are based on English common law and principles of equity, English statute law (in force since 1612) and acts of the Bermuda Parliament passed since then. The judiciary is a separate body from the Government, and its members are appointed on the advice of the Chief Justice. There are three courts: the Magistrates' Court, the Supreme Court and the Court of Appeal. The British Overseas Territories Act 2002 provides for the conferral of British citizenship on "British overseas territory citizens".

4. Voters in the general elections or referendums must be 18 years of age and Bermudian by birth or status or non-Bermudian electors on the register as at 1 May 1976. The current Premier, Craig Cannonier, took office on 18 December 2012, after the One Bermuda Alliance under his leadership won the elections held on the previous day.

5. In 1995, a referendum was held on the question of independence. Of the 58.8 per cent of eligible voters who participated, a small number by Bermudian standards, 73.6 per cent voted against independence. The then-opposition party, the Progressive Labour Party, had organized a boycott of the referendum among supporters of independence, arguing that the issue should be resolved by general election.

6. In its 2005 report, the Bermuda Independence Commission noted that the racial question had been an ever-present feature of the social, economic and political landscape of Bermuda throughout its history. Racial divisions in Bermuda have, in significant measure, played out in support for, or opposition to, independence and the method to be used to ascertain the wishes of the population. The Progressive Labour Party, which was the ruling party at the time, wished the issue of independence settled in the context of an election, while the United Bermuda Party, a forerunner of the One Bermuda Alliance, favoured a referendum. The Commission concluded that it was incumbent upon both political parties to share the merits of each method.

7. Speaking at the Pacific Regional Seminar on the Implementation of the Third International Decade for the Eradication of Colonialism, held in Quito from 30 May to 1 June 2012, the representative of Bermuda stated that, while the dream of independence persisted, if temporarily deferred, the territorial Government's present cue from the people was that its pursuit was not currently a top priority. A move

towards independence would confront the people of the Territory on the issue of relinquishing or retaining their newly acquired British citizenship and entail a referendum. Bermuda no longer carried the full stigma or exacting limitations of the label "colony", as its very relationship with the United Kingdom had changed (see the full text of the statement, available from www.un.org/en/decolonization/pdf/crp_2012_bermuda.pdf).

II. Budget

8. The Territory's fiscal year begins in April. According to the administering Power, funding priorities for the 2012/13 national budget would focus on the economy, education, youth, seniors, community renewal and law enforcement. The budget of $1.08 billion and associated economic stimulus measures were designed to meet the policy objectives in all of the aforementioned key areas and provide a bridge of stability to an anticipated return to economic growth in 2013. The budget has three broad aims. First, it reflects the fiscal and economic impact of the $98 million of continued Government stimulus in the form of $50 million in payroll tax relief and $48 million in tax concessions to the hotel, restaurant and retail sectors and other forms of relief. Second, it invests in a limited number of new, targeted initiatives to stimulate growth, create jobs and strengthen the Territory's efforts to make it an innovation centre and a preferred destination for tourism and new business investment. Finally, the budget charts a course to bring the Territory's public sector finances back to balance over the medium term.

III. Economic conditions

A. General

9. The economy of Bermuda is based primarily on the provision of financial services for international business and on tourism. The industrial sector is small, although construction continues to be a significant feature. Agriculture is limited, as only approximately 20 per cent of the land is arable.

10. According to the administering Power, the estimated gross domestic product (GDP) of Bermuda for 2011 was $5.5 billion. Continued job losses and business closures adversely affected production, leading to the third consecutive year of negative growth. Of the 15 industrial sectors, 10 experienced lower economic activity, with the strongest impact felt in the construction, manufacturing and international business sectors. Overall, the decline in economic growth resulted in a 4.1 per cent fall in GDP per capita in 2011. International business, visitor arrivals and construction work continued to decrease in the first six months of 2012.

B. Financial services

11. Bermuda is one of the world's leading offshore financial and business centres. It is also among the major jurisdictions worldwide in large-scale insurance and reinsurance. The Bermuda Monetary Authority is the integrated regulator of the financial service sector and has the power to levy civil fines. The Territory does not have a central bank. The peg to the United States dollar is managed by commercial

banks meeting supply and demand at the one-to-one rate. The banks, rather than the Bermuda Monetary Authority, own the foreign exchange reserves of Bermuda.

12. According to the administering Power and information from the territorial Government, 14,766 international companies were registered in Bermuda as at September 2012. The companies pay licence fees to operate in the Territory. Over the first nine months of 2012, 632 new international companies and partnerships were registered, representing a 1.3 per cent increase over the corresponding period for 2011. According to Oxford Analytica data, the Territory's industry capital base exceeded $35 billion in mid-2012.

C. Tourism

13. Government statistics transmitted by the administering Power indicate that more than 655,000 travellers visited Bermuda in 2011, spending a total of $390 million and contributing 5.7 per cent of GDP. Approximately 11 per cent of the Territory's workforce was directly employed in tourism, which directly generated almost 4,200 jobs. Approximately 2,000 people are employed in support-related jobs.

14. The budget allocated to the Ministry of Business Development and Tourism for 2012/13 was approximately $38.5 million. Statistics compiled by the Caribbean Tourism Organization for the period from January to June 2012 showed a 4 per cent overall visitor drop in air and cruise arrivals, with arrivals from the United States of America and Europe down 5.8 per cent and 7.8 per cent, respectively.

15. To reverse those trends, the new territorial Government formed the Tourism Authority, a private-sector organization composed of tourism industry professionals. According to media reports, in 2012 Bermuda embarked on a $4.8 million campaign to promote tourism in the Territory. The campaign was wide-ranging, involving television and radio commercials; print, outdoor and online ads; promotions; direct marketing, such as e-mail and newsletters; brochures; public relations; and social media.

D. Construction

16. During the fiscal year 2011/12, the construction industry experienced continued decline in new construction and renovation projects. The territorial Government is expected to continue to provide stimulus to this sector with its capital expenditure programme, although such expenditure has been curtailed. In that vein, the Government has undertaken the refurbishment of both the Territory's substance abuse treatment facility and the runway at the L. F. Wade International Airport and has completed the X-ray scanner project at the dock port in Hamilton.

17. The Government estimates the value of work put in place over the first half of 2012 at $57.8 million, compared to $66.7 million in the corresponding half of 2011, a decline of 13.3 per cent. The estimated value of work put in place includes work on schools, hospitals and community centres, with 44.8 per cent undertaken by the private sector and 31.9 per cent by the public sector.

E. Transport and communications

18. According to the administering Power, Bermuda enjoys a very high standard in the transport and telecommunications sectors. With a network of about 225 km of paved public roads and 400 km of private roads, Bermuda has one of the highest road traffic densities in the world, with approximately 100 vehicles per kilometre. Restrictions on car ownership to one per household, coupled with a policy of allowing no rental cars, have resulted in the development of a well-utilized group transportation system. Free public transportation for resident students by bus and ferry continues to be available.

19. Numerous regular commercial flights connect Bermuda to a number of destinations in the United States, Canada and the United Kingdom. Bermuda has its own air and ship regulatory agencies, with registries maintained by the Department of Civil Aviation and the Department of Maritime Administration.

20. The island has four international telecommunications service providers, three of which have their own transatlantic facilities, supplemented by satellite facilities for special services and emergency communications. In January 2013, a newly established regulatory authority in Bermuda assumed responsibility for the telecommunications industry. This non-governmental agency, funded by the telecommunications industry itself, would be responsible for administering a legislative mandate that includes consumer protection and business development.

IV. Social conditions

A. General

21. According to territorial Government information provided by the administering Power, the Ministry of Youth, Families and Sports was allocated about $75 million in 2012/13. Approximately half of that sum was used to ensure access to financial assistance by individuals with insufficient resources. In 2012, the Ministry continued the successful "Mirrors" programme, aimed at diverting youth away from antisocial behaviour and gang-related activity.

22. There are some 35 national sports governing bodies in Bermuda. In 2012, the Ministry prepared a national sports policy that would recognize the importance of sports at all levels, up to and including regional and international competitions. During the same year, sports infrastructure was advanced, as evidenced by the construction of an aquatics centre comprising a 50 m Olympic-sized swimming pool and dive platform at the National Sports Centre. Furthermore, the territorial Government brought into force the Anti-Doping in Sport Act 2011 and established the Bermuda Sport Anti-Doping Authority, which is responsible for ensuring that the Territory is fully compliant with the World Anti-Doping Code.

B. Labour

23. According to the administering Power, Government employment data indicated that more than 2,200 jobs were lost between 2010 and 2011. This translated into a decline in employment income in 2012.

24. In 2012, the Ministry of Economy, Trade and Industry expanded the local economic empowerment zones, which provide grants and tax concessions for new, job-creating Bermudian-owned businesses. To better serve the labour market, the Ministry initiated a one-stop career centre by amalgamating and expanding existing services. The centre is staffed with qualified professionals who assist individuals in obtaining employment and identify training needs to meet the demands of the workforce.

25. The $500 million redevelopment of the King Edward VII Memorial Hospital, which began in 2012, is projected to create more than 300 jobs.

C. Education

26. The Ministry of Education was provided a budget of approximately $133 million for 2012/13 to achieve the objectives of its strategic plan for the Bermuda public school system to provide world-class education that meets global standards. According to the administering Power, the Ministry continued to focus on legislative reform and the improved enforcement of universal education to ensure that all students attend school and receive a quality education.

27. The literacy rate in the Territory is approximately 98 per cent for males and 99 per cent for females over 14 years of age. Education is compulsory for all children from 5 to 18 years of age. Approximately 58 per cent of Bermudian students of compulsory school age attend public schools for free. There are a number of private schools, including six that offer early primary education. These institutions receive no Government funding.

28. The Bermuda College is the Territory's main facility for tertiary education and is accredited by the New England Association of Schools and Colleges through its Commission on Institutions of Higher Education. According to the administering Power, the college has "articulation agreements" with 22 overseas universities and colleges (a process by which one institution matches its courses or requirements to coursework completed at another institution). Citizens from the British overseas territories benefit from the home student fee rate at British universities.

D. Public health

29. The Ministry of Health is mandated to promote and protect the health and well-being of the population. For 2012/13, the Ministry was provided with a budget of $191 million, representing 17.7 per cent of total Government expenditure. In addition to regulation, the Ministry provides policy direction for the health sector, including for one acute care hospital, one psychiatric hospital, the Bermuda Health Council, public health services, the health insurance system and the private health sector.

30. According to information provided by the administering Power, the Territory has a hybrid health financing system consisting of social health insurance and Government subsidies (32 per cent), private health insurance (55 per cent), out-of-pocket financing (12 per cent) and the non-profit sector (1 per cent). The Territory has the second-highest health expenditure per capita in the Organization for Economic Cooperation and Development but lower-than-expected health outcomes.

In 2012, new health regulations ended a policy whereby patients had to pay up front for the portion of their treatment covered by insurance.

31. Bermuda has an ageing population and a low fertility rate. Life expectancy at birth is 82.1 years for women and 76.7 years for men. Life expectancy is four years less for blacks than for whites.

32. In a communiqué dated 5 December 2012, the Joint Ministerial Council, a body bringing together the political leaders and representatives of the United Kingdom and its overseas territories, including Bermuda, expressed agreement on the importance of health security and on achieving compliance with the requirements of the International Health Regulations, an international legal instrument binding on 194 countries, including all States members of the World Health Organization, by June 2014. Furthermore, the participants agreed to identify and make use of all available sources of assistance, in particular regional and global health organizations such as the Pan American Health Organization and United Nations agencies, to share best practices on health strategies and processes, with special emphasis on the treatment of non-communicable diseases, and to improve representation of the territories and linkages with global and regional health bodies.[1]

E. Crime and public safety

33. The Ministry of National Security is responsible for public safety and the strengthening of the professional standards of the Bermuda Police Service, the Bermuda Regiment and the Bermuda Fire and Rescue Service. The Bermuda police comprises approximately 433 officers and 75 active reserves. Under the 2012/13 budget, approximately $68.6 million was allocated to the police as part of an overall estimated allocation of $108.9 million to the Ministry of National Security.

34. According to information provided by the administering Power, in 2012 some 200 counsellors, educational therapists and teachers from primary, middle and senior school received gang-specific training to help tackle the challenges presented by gang activity, a relatively new phenomenon in Bermudian society. Furthermore, the Ministry of National Security brought forward the Criminal Code Amendment Act 2012, which for the first time introduced definitions for "unlawful gang" and "unlawful gang activity". Corresponding penalties have been prescribed to increase sentencing in keeping with the degree of unlawful gang involvement.

35. A number of legislative initiatives and accompanying programmes were implemented in 2012 by the Ministry of Justice, geared primarily at safeguarding the Territory's economic integrity as a major financial and reinsurance jurisdiction. In this connection, the Ministry pursued domestic policy initiatives to help the Territory comply with its international obligations and thereby further safeguard Bermuda's interests as an international business domicile.

[1] The communiqué is available from https://fco-stage.fco.gov.uk/resources/en/pdf/uk-ot-communique.pdf.

F. Human rights and related issues

36. The following major international human rights instruments apply in Bermuda: the European Convention on Human Rights; the International Covenant on Economic, Social and Cultural Rights; the International Covenant on Civil and Political Rights; the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment; the Convention on the Rights of the Child; and the International Convention on the Elimination of All Forms of Racial Discrimination.

37. According to information provided by the administering Power, in 2012 Bermuda began the process of implementing the Public Access to Information Act 2010. In the course of the year, each public authority developed its information statements and initiated the process of assessing and reconfiguring information and records management schemes to embrace best standards and practice. Regulations under the Act have been drafted and the process to appoint an information commissioner has begun.

38. According to the Foreign and Commonwealth Office report entitled *Human Rights and Democracy*, issued in 2012, the protection and promotion of human rights in each territory is primarily the responsibility of the territorial Government, while the Government of the United Kingdom is ultimately responsible for ensuring that the territories fulfil their obligations arising from international human rights treaties that have been extended to them.

V. Environment

39. The Ministry of the Environment, Planning and Infrastructure Strategy was provided a budget of approximately $14 million for 2012/13. Its functions are to lead Bermuda towards sustainability by protecting the island's natural and built environments.

40. Approximately 98 per cent of electric power is provided by a single private entity, which relies exclusively on fossil fuels to generate electricity. The remaining 2 per cent of the Territory's electric power is provided by the Tynes Bay waste-to-energy plant, owned and operated by the Ministry of Public Works.

41. Bermuda has clean air regulations containing emission standards that are on par with those in the United States and the European Union countries. According to the administering Power, ambient air quality is continuously monitored at five locations across the island. Inshore water quality is monitored on a weekly basis under a contractual arrangement with a scientific facility. In 2012, an agriculture strategy was prepared with extensive public stakeholder involvement. A total of 2 million imported botanical items are logged annually and sampled for inspection.

VI. Military issues

42. Bermuda maintains a defence regiment of some 600 soldiers, the Bermuda Regiment. In addition to part-time members, this figure includes some 140 "long-stay nucleus" and 30 full-time soldiers. The Territory's adult male population is subject to conscription by ballot, involving approximately three years of part-time liability for weekly drills, as well as a 15-day annual camp. All soldiers are paid for

their military service. The Regiment cooperates on a regular basis with foreign Governments and militaries, including the Jamaica Defence Force, the United States Marine Corps and the Canadian military, and assists in disaster relief operations in other United Kingdom-administered Territories.

43. According to information provided by the administering Power, in 2012 plans were announced for the Bermuda Regiment, in collaboration with the Bermuda police, to assume more responsibility for patrolling the Territory's waters to enhance drug interdiction capabilities.

VII. Relations with international organizations and partners

44. In 2012, Bermuda became an associate member of the Economic Commission for Latin America and the Caribbean.

45. Bermuda is an associate member of the Caribbean Community (CARICOM) and the Caribbean Common Market and a member of the Caribbean Financial Action Task Force set up to combat money-laundering. The Territory also participates in the Caribbean Conservation Corporation, the International Confederation of Free Trade Unions, the International Criminal Police Organization and the International Olympic Committee.

46. In accordance with the wishes of the territorial Government, association arrangements with the European Union have not been applied to Bermuda.

47. As stated in paragraph 32 above, in December 2012, the United Kingdom and its overseas territories represented at the Joint Ministerial Council meeting, including Bermuda, agreed to work together to further develop links with the United Nations and its agencies and regional partners, in particular in the Caribbean, and expressed the belief that the Special Political and Decolonization Committee (Fourth Committee) should delist territories where that was their wish.

VIII. Future status of the Territory

A. Position of the territorial Government

48. Information regarding developments on the future status of Bermuda is reflected in section I above.

B. Position of the administering Power

49. On 11 October 2012, the representative of the United Kingdom made a statement before the Special Political and Decolonization Committee (Fourth Committee) during the sixty-seventh session of the General Assembly. According to the record of the meeting (A/C.4/67/SR.5), the representative stated, inter alia, that the Government of the United Kingdom maintained its long-standing position on the independence of the overseas territories. Any decision to sever the constitutional link between the United Kingdom and a territory should be taken on the basis of the clear and constitutionally expressed wish of the people of that territory. Where independence was an option and it was the clear and constitutionally expressed wish

of the people to pursue independence, the Government of the United Kingdom would meet its obligations to help the territory to achieve it.

50. The representative referred to the white paper that the Government of the United Kingdom had published in June 2012 confirming the Government's commitment to maintaining the overall relationship between the United Kingdom and the territories. In the introduction, the Government expressed the belief that the fundamental structure of the constitutional relationships was the right one: powers were devolved to the elected Governments of the territories to the maximum extent possible consistent with the United Kingdom retaining the powers necessary to discharge its sovereign responsibilities, including to ensure that constitutional arrangements worked effectively to promote the best interests of the territories and of the United Kingdom. The Government recognized that it was important to continue to reflect on the constitutional relationship and would ensure that a dialogue on those issues was sustained with all those territories that wished to engage.

51. The representative went on to say that the white paper had made it clear that the fundamental responsibility and objective of the Government of the United Kingdom was to ensure the security and good governance of the territories and their peoples. That responsibility flowed from international law, including the Charter of the United Nations. However, being an overseas territory of the United Kingdom also entailed responsibilities: the Government of the United Kingdom expected territorial Governments to meet the same high standards that it did in maintaining the rule of law, respect for human rights and integrity in public life, delivering efficient public services and building strong and successful communities and would take firm and resolute action wherever there was evidence of corruption or maladministration in a territory. The representative concluded that the relationship between the United Kingdom and its overseas territories continued to be a modern one based on partnership, shared values and the right of each territory to determine whether it wished to stay linked to the United Kingdom. For as long as the overseas territories of the United Kingdom wished to retain their link to it, its Government would remain committed to their future development and continued security.

C. Action taken by the General Assembly

52. On 18 December 2012, the General Assembly adopted without a vote resolutions 67/132 A and B on the basis of the report of the Special Committee (A/67/23) and the subsequent recommendation by the Fourth Committee. Section III of resolution 67/132 B concerns Bermuda. In the operative paragraphs of that section, the General Assembly:

> 1. *Stresses* the importance of the 2005 report of the Bermuda Independence Commission, which provides a thorough examination of the facts surrounding independence, and continues to regret that the plans for public meetings and the presentation of a Green Paper to the House of Assembly followed by a White Paper outlining the policy proposals for an independent Bermuda have so far not materialized;
>
> 2. *Requests* the administering Power to assist the Territory by facilitating its work concerning public educational outreach efforts, consistent with Article 73 *b* of the Charter, and in that regard calls upon the relevant United Nations organizations to provide assistance to the Territory, if requested.